



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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June 30, 2008

TO: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe *Wendy Watanabe*
Acting Auditor-Controller

SUBJECT: **ASIAN AMERICAN DRUG ABUSE PROGRAM, INC. – A DEPARTMENT
OF PUBLIC SOCIAL SERVICES COMMUNITY SERVICES BLOCK
GRANT PROGRAM PROVIDER**

We have completed a program, fiscal and administrative contract review of Asian American Drug Abuse Program, Inc. (AADAP or Agency), a Department of Public Social Services (DPSS) Community Services Block Grant (CSBG) Program provider.

Background

DPSS contracts with AADAP, a private non-profit organization to provide and operate the CSBG Youth and Vietnamese Programs. The CSBG Program promotes the principles of self-help and assists low-income families and individuals to become self-sufficient. AADAP provides counseling and recreational activities for high-risk youth ages 11 to 18 years old through the CSBG Youth Program and employment training for Vietnamese adults through the CSBG Vietnamese Program. AADAP is located in the Second District.

AADAP is compensated on a cost reimbursement basis and had two contracts totaling \$54,723 for Calendar Year 2007.

Purpose/Methodology

The purpose of the review was to determine whether AADAP complied with its contract terms and appropriately accounted for and spent CSBG funds in providing the services outlined in their County contract. We also evaluated the adequacy of AADAP's accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed a number of AADAP staff.

Results of Review

AADAP maintained appropriate documentation to support the program eligibility of all 36 participants reviewed. However, none of the case files for the 13 Youth participants contained documentation to support the services provided. In addition, AADAP billed DPSS \$2,065 for unallowable and unsupported expenditures. Specifically, AADAP:

- Billed DPSS \$1,744 in program expenditures that were not documented or were not recorded in the Agency's accounting records.
- Charged DPSS \$321 for items purchased that did not benefit the program or were provided to participants that were not eligible to receive them.

The details of our review along with recommendations for corrective action are attached.

Review of Report

We discussed our report with AADAP on April 29, 2008. In their attached response, AADAP management concurred with our findings and recommendations and agreed to repay the County \$2,065. We notified DPSS of the results of our review.

We thank AADAP for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (626) 293-1102.

WLW:MMO:DC

Attachment

c: William T Fujioka, Chief Executive Officer
Philip L. Browning, Director, Department of Public Social Services
Karl K. Nobuyuki, Chair, Board of Directors
Mike Watanabe, President and CEO, Asian American Drug Abuse Program, Inc.
Public Information Office
Audit Committee

**COMMUNITY SERVICES BLOCK GRANT PROGRAM
ASIAN AMERICAN DRUG ABUSE PROGRAM, INC.
FISCAL YEAR 2007-2008**

ELIGIBILITY

Objective

Determine whether Asian American Drug Abuse Program (AADAP or Agency) provided services to individuals that meet the eligibility requirements of the Community Services Block Grant (CSBG) Youth and Vietnamese Programs.

Verification

We reviewed the case files for all 36 program participants (13 Youth participants and 23 Vietnamese participants) that received services during October and November 2007 for documentation to confirm their eligibility for CSBG services.

Results

All 36 program participants met the eligibility requirements for the CSBG Youth and Vietnamese Programs.

Recommendation

There are no recommendations for this section.

PROGRAM SERVICES

Objective

Determine whether AADAP provided the services in accordance with the County contract and CSBG guidelines.

Verification

We reviewed the documentation contained in the case files for all 36 program participants that received services during October and November 2007.

Results

The case files for the 23 Vietnamese participants contained adequate documentation to support the services billed to the Department of Public Social Services (DPSS). However, the 13 Youth participant case files did not include documentation for the services provided such as progress notes, survey results, and activity and time reports.

Recommendation

1. AADAP management ensure that staff maintain appropriate documentation in the case files to support the services provided.

CASH/REVENUE

Objective

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash, and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's October and November 2007 bank reconciliations.

Results

AADAP maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

Recommendation

There are no recommendations for this section.

EXPENDITURES/PROCUREMENT

Objective

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and other documentation to support four non-payroll expenditures billed by the Agency for October and November 2007, totaling \$810.

Results

AADAP overbilled DPSS \$775 for unsupported and unallowable expenditures. Specifically, AADAP:

- Overbilled Youth Program \$604 for maintenance and space costs. AADAP billed \$639 for maintenance and space costs during October and November 2007. However, the Agency's general ledger only included \$35 in maintenance costs, resulting in an overbilling of \$604.
- Charged \$171 to the Vietnamese Program for party supplies that did not benefit the program.

Recommendations**AADAP management:**

2. Repay DPSS \$775.
3. Ensure that program expenditures are supported by adequate documentation.
4. Ensure that CSBG Program funds are only used for the program.

ADMINISTRATIVE COMPLIANCE**Objective**

Determine whether AADAP is in compliance with program and administrative requirements.

Verification

We interviewed Agency personnel and reviewed AADAP's policies and procedures manuals.

Results

AADAP was in compliance with the County contract requirements.

Recommendation

There are no recommendations for this section.

FIXED ASSETS AND EQUIPMENT**Objective**

Determine whether AADAP's fixed assets and equipment purchases made with CSBG funds are used for the CSBG Program and are safeguarded.

We did not perform testwork in this section as AADAP did not use CSBG funding to purchase fixed assets or equipment.

PAYROLL AND PERSONNEL

Objective

Determine whether payroll expenditures were appropriately charged to the CSBG Program. In addition, determine whether personnel files are maintained as required.

Verification

We traced the payroll expenditures billed for four employees totaling \$12,522 during October and November 2007 to the Agency's payroll records and time reports. We also reviewed the personnel files for all four staff assigned to the program.

Results

AADAP appropriately charged payroll expenditures to the program. In addition, AADAP's personnel files were properly maintained.

Recommendation

There are no recommendations for this section.

COST ALLOCATION PLAN

Objective

Determine whether AADAP's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the plan to appropriately allocate shared program expenditures.

Verification

We reviewed the Cost Allocation Plan and reviewed a sample of expenditures incurred by AADAP during October and November 2007 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

AADAP's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

Recommendation

There are no recommendations for this section.

CLOSE-OUT REVIEW

Objective

Determine whether AADAP's Calendar Year 2006 close-out invoice reconciled to the Agency's financial accounting records.

Verification

We traced AADAP's general ledger to the Agency's final close-out invoice. We also reviewed a sample of expenditures incurred in 2006.

Results

AADAP overbilled DPSS \$1,290. Specifically:

- AADAP's close-out invoice for the Youth Program indicated \$942 more in supplies and event costs than the Agency's general ledger.
- AADAP's close-out invoice for Vietnamese Program indicated \$54 more in program event costs than the Agency's general ledger.
- AADAP charged \$150 to the Vietnamese Program for gift cards purchased for non-CSBG clients.
- Meal costs totaling \$144 were not supported by documentation indicating the names of the Vietnamese Program participants who had the meals.

Recommendations

AADAP management:

- 5. Repay DPSS \$1,290.**
- 6. Ensure that the Agency's financial records support the amounts billed to DPSS.**



AADAP, Inc.
(Asian American Drug Abuse Program)
www.aadapinc.org

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May 15, 2008

Wendy L. Watanabe, Acting Auditor-Controller
County of Los Angeles Department of Auditor-Controller
Countrywide Contract Monitoring Division
1000 S. Fremont Ave., Unit#51
Building A-9 East, First Floor
Alhambra, CA 91803

Subject: Response to FY 2007-08 Dept of Public Social Services CSBG
Program, Fiscal and Administrative Review of Asian American Drug Abuse
Program, Inc.- Revised Draft Report

Dear Wendy Watanabe:

This is AADAP, Inc. response to the findings of the Department of Auditor-Controller Countrywide Monitoring Division. The program, fiscal and administrative review was conducted on January 29-31, 2008 for AADAP, Inc. Dept of Public Social Services Community Services Block Grant Program.

Our response to the findings and recommendations are individually addressed in the attachment of this letter as corrective action plan. AADAP agrees to repay \$2,065.

If you have any questions, please call me at (323) 293-6284 or you can send an email at miwat@aadapinc.org.

Sincerely,

Mike Watanabe, MSW
President & CEO

cc: Contract file
Susan Kim, Principal Accountant-Auditor
Jose Esqueda, Program Director
Susan Park, Program Director
Romina Peralta, Controller
Dean Nakanishi, Administrative Director

Therapeutic Community
5818 S. Crenshaw Blvd.
Los Angeles, CA 90043
(323) 293-6291
Fax (323) 293-1091

Outpatient Unit
520 N. La Brea Avenue
Inglewood, CA 90302
(323) 294-4932
Fax (323) 294-2533

Employment Access
Outpatient Counseling
1088 S. La Brea Avenue
Los Angeles, CA 90019
(323) 295-0262
Fax (323) 295-2375

Indochinese Youth & Community Center
14112 S. Kingsley Drive
Gardena, CA 90247
(310) 768-8064
Fax (310) 768-2779

Youth Outpatient Treatment
13931 S. Van Ness Ave. #202
Gardena, CA 90249
(310) 768-8018
Fax (310) 768-4170

Olympic Academy
(323) 933-9022
Fax (323) 933-4029

**COMMUNITY SERVICES BLOCK GRANT PROGRAM
ASIAN AMERICAN DRUG ABUSE PROGRAM, INC.
FISCAL YEAR 2007-2008**

ELIGIBILITY

Results

All 36 program participants met the eligibility requirements for the CSBG Youth and Vietnamese Programs.

Recommendation

There are no recommendations for this section.

PROGRAM SERVICES

Results

The case files for the 23 Vietnamese participants contained adequate documentation to support the services billed to the Department of Public Social Services (DPSS). However, AADAP did not maintain documentation for none of the 13 Youth participants. Specifically, the Youth participants' case files did not include documentation for the services provided such as progress notes, survey results, and activity and time reports.

Recommendation

1. AADAP management ensure that staff maintain appropriate documentation in the case files to support the services provided.

Corrective Action Plan

1. AADAP management will ensure that staff maintain appropriate documentation in the case files to support the services provided.

CASH/REVENUE

Results

AADAP maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

Recommendation

There are no recommendations for this section.

EXPENDITURES/PROCUREMENT

Results

AADAP overbilled DPSS \$775 for unsupported and unallowable expenditures. Specifically, AADAP:

- Overbilled Youth Program \$604 for maintenance and space costs. AADAP billed \$639 for maintenance and space costs during October and November 2007. However, the Agency's general ledger only included \$35 in maintenance costs, resulting in an overbilling of \$604.
- Charged \$171 to the Vietnamese Program for party supplies that did not benefit the program.

Recommendations

AADAP management:

- 2. Repay DPSS \$775.**
- 3. Ensure that program expenditures are supported by adequate documentation.**
- 4. Ensure that CSBG Programs funds are only used for the program.**

Corrective Action Plan

2. AADAP management will repay DPSS \$775.
3. AADAP management will ensure that program expenditures are supported by adequate documentation.
4. AADAP management will ensure that CSBG Programs funds are only used for the program.

ADMINISTRATIVE COMPLIANCE

Results

AADAP was in compliance with the County contract requirements.

Recommendation

There are no recommendations for this section.

FIXED ASSETS AND EQUIPMENT

We did not perform testwork in this section as AADAP did not use CSBG funding to purchase fixed assets or equipment.

PAYROLL AND PERSONNEL

Results

AADAP appropriately charged payroll expenditures to the program. In addition, AADAP's personnel files were properly maintained.

Recommendation

There are no recommendations for this section.

COST ALLOCATION PLAN

Results

AADAP's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

Recommendation

There are no recommendations for this section.

CLOSE-OUT REVIEW

Results

AADAP overbilled DPSS \$1,290. Specifically:

- AADAP's close-out invoice for Youth Program indicated \$942 more in supplies and event costs than the Agency's general ledger.
- AADAP's close-out invoice for Vietnamese Program indicated \$54 more in program event costs than the Agency's general ledger.
- AADAP charged \$150 to the Vietnamese Program for gift cards purchased for non-CSBG clients.
- Meal costs totaling \$144 were not supported by documentation indicating the names of the Vietnamese Program participants who had the meals.

Recommendations

AADAP management:

5. Repay DPSS \$1,290.
6. Ensure that the Agency's financial records support the amounts billed to DPSS.

Corrective Action Plan

5. AADAP management will repay DPSS \$1,290.
6. AADAP management will ensure that the Agency's financial records support the amounts billed to DPSS.